Crown Corporation
Business Plans
for the fiscal year 2015–2016

Waterfront Development Corporation
Business Plan 2015–2016

Contents

Message from the Minister
Message from the Chair and the President
Mission
Vision
Mandate
Planning Context
Strategic Goals
Strategic Outcomes
Core Business Areas
Human Resource Strategy
Marketing Strategy
Budget Context
Outcomes and Performance Measures

Message from the Minister

The waterfronts of Nova Scotia are unique economic assets. Our goal is to align their development with our strategies for growing key sectors of our economy.

Waterfront Development Corporation does this by providing its private sector partners with a platform for investment and growth, which is consistent with our goal to have the private sector lead the economic resurgence of our province. In return, the commercial agreements the corporation enters into with the private sector provide the revenue we need to hold up our end of the deal – improving and maintaining the infrastructure our key economic sectors need to succeed.

The outcomes of this work will be growth in our marine and ocean sector, increased private sector investment, and an increase in tourism revenues in Nova Scotia.

Private sector leadership, sector development, and financial self-sustainability are the hallmarks of this waterfront development model. It is the way Nova Scotians want their Crown corporations to work, and it is the way we can collectively harness the strengths of our geography to achieve prosperity across our whole economy.

Our government is committed to a new approach to economic development in this province. We need to modernize our strategies to compete in the global economy. Crown corporations like Waterfront Development Corporation are catalysts for this new approach. Together we can set a new course for economic growth that will generate benefits for all Nova Scotians.

The Honourable Michel P. Samson
Minister of Economic and Rural Development and Tourism

Message from the Chair and the President

Waterfronts are special places all across the world. They have been key features throughout the history of civilization, they are places of great beauty, and they are sources of economic strength.

The Halifax and Lunenburg waterfronts fit this mould perfectly. Nova Scotians and visitors alike recognize them as special places – symbols of Nova Scotia past and present. Waterfront Development Corporation is working to make them cornerstones for our future success.

First, they are places of inspiration. Entrepreneurs develop, test, and succeed with unique business offerings on our redeveloped properties. Artists use the wharves and boardwalks as stages to challenge conventional thinking and delight visitors from around the world.

Second, they are places for private sector investment. Through the added value that Waterfront Development Corporation creates through planning, we make it easier for business to act on the development opportunities we put out to the market. The private sector has a clearer line of sight for its business investment, and Waterfront Development generates revenue to reinvest in supporting infrastructure.

Finally, they are places of action. Nothing stands still along the waterfronts. They are abuzz with small, medium, and large projects that push the boundaries of business, culture, and public life. Waterfronts are the places where people experiment and strive for new ways of doing things.

Our waterfronts are sources of inspiration, private investment, and action. Our work is dedicated to building on past successes and aligning ourselves with new provincial strategies to create even greater prosperity for all Nova Scotians.

Dale Godsoe
Chair of the Board

Colin MacLean
President and CEO

Mission

Waterfront Development Corporation Limited harnesses the waterfront's potential by developing ideas, infrastructure, and experiences that stimulate business investment and community pride.

Vision

Through our collaborative approach, we will create a new collection of animated and well-connected waterfront destinations that capture people's imagination and distinguish us among the world's greatest waterfronts.

Mandate

Waterfront Development Corporation Limited exists for the purpose of redeveloping and revitalizing the lands surrounding Halifax Harbour and any other lands designated by its shareholder, the Province of Nova Scotia.

Guiding Values

Waterfront Development Corporation Limited (WDCL) is a provincial Crown corporation, carrying out a public mandate in a private sector environment. In fulfilling our public obligations, we will exhibit the following values in addition to the compassion, courage, and initiative that characterize past successes.

Commitment: Forge and sustain partnerships that generate positive economic and societal returns.

Accountability: Uphold the public's trust by ensuring access to the water's edge, fiscal accountability and involvement in the dialogue about waterfront development, and transparency with our plans.

Flexibility: Take the extra step to understand and champion business partners who share our values and vision for the waterfront.

Excellence: Be a strong and knowledgeable voice on economic development, planning and design, partnership models, and waterfront development.

Foresight: Generate for Nova Scotians a positive financial return to reinvest in a continuous upward spiral of waterfront opportunities.

Sustainability: Create the capacity for future waterfront uses and enjoyment by harmonizing our economic goals with environmental sustainability.

Planning Context

The Ivany Report highlighted underlying challenges in the Nova Scotia economy, and it also expressed its belief that we have the ability to change our path. The coming year has opportunities that we can capitalize on to improve our future. The Nova Scotia economy is expected to have higher growth in 2015 than the past several years, as major capital projects (e.g., Arctic Offshore Patrol Vessel construction, the Nova Centre, Macdonald Bridge deck replacement) and external demand are expected to support higher levels of Nova Scotia economic growth. Strengthening growth in the United States, our major market, combined with a lower Canadian dollar vis-à-vis the American dollar is positive. The dropping price of oil

provides some relief to both consumers and businesses. However, there are consequences from the slide in the price of oil; exchange rate depreciation will increase the costs of imports, and oil producing regions of Canada will suffer negative impacts.

On a global basis, the uncertainty that has marked the world economy since the Great Recession will continue. The strength in the American economy is counterbalanced by weakness in the European and Japanese economies. The emerging-market economies will be affected differently according to whether they are an oil exporters or importers. Current expectations are that growth in the world GDP will be higher in 2015 than in 2014.

There are, nevertheless, clear themes that Waterfront Development needs to plan for and seek opportunity in.

1. Halifax's economy needs to be leveraged for the benefit of business and communities around Nova Scotia.
2. Nova Scotia's coastline, maritime industry, and research capacity should be sources of innovation and growth.
3. Environmental sustainability can create economic opportunity.

Waterfront Development can provide leadership by focusing our strategies in three areas.

Ocean and Marine

> The ocean is suddenly a frontier of development and growth. Ambitious government initiatives including the EU's recently announced Action Plan for the Atlantic, and China's extensive plans for the marine economy suggest that new opportunities abound. Biotechnology, renewable energy, seabed mining and aquaculture sufficient to feed the world are all imminent possibilities. We are, as one advisor to the Chinese government rhapsodizes, entering "a golden age for the marine economy."
>
> **Plenary panel, World Ocean Summit 2014, *The ocean as the new economic frontier?***

Some of Nova Scotia's greatest accomplishments have come from work in sectors that are all part of the ocean economy:

- Aquaculture and fishing
- Boat and shipbuilding
- Cables and connectors
- Defense and security
- Marine recreation
- Ocean energy and minerals
- Ocean science and observation
- Ports and marine transportation
- Robotics and submarines
- Weather and climate science

Few places in the world can match the strategic advantages Nova Scotia has in the ocean economy. By developing waterfront infrastructure that harnesses these advantages, we can achieve the goals articulated in the Ivany Report of increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships.

City and Community Building

> Innovation districts are geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators,

> and accelerators. Compact, transit-accessible, and technically-wired, innovation districts foster open collaboration, grow talent, and offer mixed-use housing, office, and retail.
>
> **Bruce Katz and Julie Wagner,**
> ***The Rise of Innovation Districts***

We believe that *lifestyle* is a key element of a strong economic strategy. Well-designed cities or towns are attractive, safe, inclusive, and invigorating. They are places that attract people to live, create diversity, and spur entrepreneurial activity. They become magnets for growth, population-wise and economically.

Halifax and Lunenburg are two places recognized internationally as attractive and vibrant places, and both are fundamentally built around their world-class waterfronts. Our developments have the ability to position Halifax and Lunenburg on an international stage.

We can also create the opportunity to set new standards for environmental sustainability. Our approach to design can reduce the impact we have on our environment and coastlines, and it can facilitate the introduction and experimentation of Nova Scotian businesses with new products and processes.

In developing our waterfronts in this way, we can contribute to the attraction of the leading-edge institutions and companies that the Ivany Report identified as requirements for increasing business start-ups, increasing the value of exports, and increasing the number of research and development partnerships. The building of a great city will also contribute to achieving the goal of attracting higher levels of interprovincial and international immigration.

Tourism

> Harborside Halifax is the biggest city in the Maritime provinces by far, yet it doesn't *feel* big at all – in just the way that Boston and San Francisco don't feel like huge cities. It actually feels like a collection of loosely connected neighborhoods, which is in fact what it is; you often forget this is one of the central economic engines of eastern Canada.
>
> Lunenburg is just plain lovable, compressing everything you came to see in Nova Scotia into one tidy package: ocean tides, fishing boats, terrain, architecture, museums, and fish. It's one of Nova Scotia's most historic *and* most appealing villages, a fact recognized in 1995 when UNESCO declared the old downtown a World Heritage Site.
>
> **Frommer's**

Tourism is a $2 billion industry in Nova Scotia, accounting for 2 per cent of all economic activity in Nova Scotia, supporting more than 24,000 jobs and providing almost $800 million in annual income for Nova Scotians living in every region of the province. It generates $173 million a year in tax revenues. It is also a key source of pride, helping to support our families and local economies, and to build communities throughout the province.

As Nova Scotia's leading source of service sector exports, gross business revenues must reach $4 billion (oneNS report). Tourism growth is real economic growth because it brings new dollars into the provincial economy; it is export trade. Nova Scotians supply the products and services to customers who come primarily from outside the province. (Nova Scotia Tourism Agency Strategy)

Waterfront Development plans, develops, and operates strategic waterfront properties in Nova Scotia to maximize economic activity, develop our communities, and create a platform for private sector businesses to be successful. As it relates to tourism, our work is in the area of product development – we create high-quality destinations and experiences that the Nova Scotia Tourism Agency promotes. Our seacoast is the single greatest influencer of the tourism decision to visit Nova Scotia (Visitor Exit Survey, 2010).

The Halifax and Lunenburg waterfronts, which are managed by WDCL, are top tourism destinations in Nova Scotia (Visitor Exit Survey, 2010). Likewise, Tall Ships events are historically positioned as our province's signature event, a high-quality tourism offering that provides a platform to showcase Nova Scotia culture: our culinary scene, our history, and our world-class entertainment for our residents and our visitors.

Strategic Goals

Stimulating Private Sector Investment

We will leverage the strategic assets of our waterfronts to stimulate private sector investment and economic growth. This is accomplished by developing waterfront infrastructure that is marketed for commercial opportunities in the sectors we have identified as growth areas for Nova Scotia's economy:

- Marine and Ocean
- City and Community Building
- Tourism

Infrastructure and Sector Growth

We will contribute to economic growth by investing in infrastructure that contributes value to these three sectors and enables the development of clusters that build upon Nova Scotia's traditional strengths.

Financial Self-sustainability

We will sustain this economic growth by creating a financially self-sustaining organization that is able to generate profits that are continuously re-invested in maintaining and developing new infrastructure.

Strategic Outcomes

Our strategic goals will, over the period of 10 years, contribute to the achievement of the following outcomes:

1. Nova Scotia businesses in the marine and ocean sector will have improved waterfront access and infrastructure.
2. Nova Scotia companies will have invested over $500 million in waterfront capital development projects.
3. Nova Scotians and tourists will be accessing the Halifax and Lunenburg waterfronts in greater numbers.
4. Waterfront Development will be a financially self-sustaining organization, with all its revenue generated from its commercial activity.

Core Business Areas

We have four core business areas:

1. Waterfront Planning

Waterfront Development engages with public and private sector organizations, as well as with the public at large, in planning projects that contribute to the development of world-class waterfronts.

2. Infrastructure Development

Waterfront Development's multi-year development projects attract investment and maintain the centrepieces of our waterfront.

3. Commercial Marine Real Estate Management

Waterfront Development owns and manages a waterfront real estate portfolio with properties in Dartmouth, Bedford, Lunenburg, and Halifax. These properties are consistently among the most visited places in Nova Scotia, by land and by sea, and are a touchstone for the Nova Scotia experience for residents and visitors alike.

4. Business Development

Waterfront Development makes our land and marine assets a platform for private sector investment, enabling businesses, large and small, to bring their products and services to the world.

Human Resource Strategy

Waterfront Development is a knowledge-based organization, with specialization in commercial real estate, urban planning, construction, engineering, landscape design, business accounting, and public consultation.

It is vital that we invest in the learning and growth of our people so that we can continuously improve the work we do on behalf of the public.

Our human resource priorities:

1. Recruitment of new talent
2. Managing growth

Marketing Strategy

The waterfronts of Halifax and Lunenburg are the two most visited destinations in Nova Scotia. With new development projects coming to market, substantial public space enhancements planned and already completed, and a broad collection of activities and events to enjoy, the number of residents living and working and enjoying activities across all of our waterfronts will continue to increase.

All of this leads to business opportunities, and the need to engage our stakeholders and publicly communicate the goals and timelines of our work.

Our marketing plan promotes and communicates our work:

1. Enhance engagement of waterfront stakeholders for more efficient investment and better results.
2. High-quality events and programming across our waterfronts align with our objective of accessible, high-quality entertainment and activities representing the best of Nova Scotia.
3. Complete the digital strategy, including new website.

Budget Context

Financial Management

In fiscal 2014–2015, the corporation achieved its breakeven budget while advancing its development plans and continuing its many valuable partnerships with tenants and other stakeholders. These partnerships add vitality and animation to the waterfronts of Halifax Harbour and Lunenburg, which ultimately create long-term economic benefit. The development of our Cunard block is one such partnership and represents an important pillar in our path to financial self-sustainability. This development continues to move closer to commencement. Consistent with prior years, the budget accounts for the expected timing of further planning activities around our key development blocks as we work to realize a long-term vision for the various waterfront properties in our portfolio. During the year, the corporation identified other economically strategic opportunities and is presently working toward their realization and planning for integration into our core operating areas going forward.

The corporation again has a breakeven budget for fiscal 2015–2016, before amortization of assets that were previously funded by capital grants from the province. Notable in the budget is a significant increase in parking revenue, which is reflective of both another strong tourist season and good uptake on year-round usage of the Halifax Boardwalk. The corporation will be investing in new parking technology and focusing on maximizing returns for subsequent reinvestment into our public infrastructure. Parking revenue is one measure of waterfront activity in general, and a testament to the allure of clean, green, and safe waterfronts.

The budget contains the category "other items," which includes amortization of grant-funded assets and write-off of the book value of parking improvements due to anticipated construction commencement.

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Revenues			
Rents	1,483,000	1,440,000	1,509,000
Parking	2,000,000	2,150,000	2,476,000
Other income	468,400	466,000	477,600
Grant income	276,000	341,000	–
Total revenue	**4,227,400**	**4,397,000**	**4,462,600**
Operating expenses			
Insurance	110,000	104,000	96,800
Repairs & maintenance	335,800	353,700	327,600
Security	166,500	174,700	166,500
Utilities	163,400	179,900	176,900
Various other	374,100	433,700	342,800
Total operating expenses	**1,149,800**	**1,246,000**	**1,110,600**
Income from property	**3,077,600**	**3,151,000**	**3,352,000**
Program expenses			
Coast Guard	–	70,000	–
Development & property	165,000	135,500	280,000
Total program expenses	**165,000**	**205,500**	**280,000**
Tall Ships grant	–	–	–
Tall Ships expenses	–	55,700	–
Total Tall Ships	**–**	**(55,700)**	**–**
Lunenburg revenue	197,000	202,000	207,000
Lunenburg grant	374,200	374,200	374,200
Lunenburg expenses	571,200	576,200	581,200
Total Lunenburg	**–**	**–**	**–**

Budget Context

	Budget 2014–15 ($)	Forecast 2014–15 ($)	Budget 2015–16 ($)
Administrative expenses			
Amortization	826,800	771,000	840,000
Interest on long-term debt	30,000	10,700	30,000
Office, marketing & other	542,400	561,600	583,000
Salaries & contracts	1,302,400	1,337,200	1,405,000
Staff expenses & benefits	211,000	209,300	214,000
Total administrative expenses	**2,912,600**	**2,889,800**	**3,072,000**
Surplus before other items	–	–	–
Other items			
Capital grant amortization	(98,500)	(98,500)	(98,500)
Insurance proceeds	–	194,200	–
Building demo & site remediation	–	(194,200)	–
Cunard lot write-off	(130,000)	–	(130,000)
Capital grant (Coast Guard)	–	6,500,000	–
Capital grant (Cunard)	150,000	80,000	500,000
Capital grant (Queen's Marque)	4,250,000	–	300,000
Annual surplus (deficit)	**4,171,500**	**6,481,500**	**571,500**

Outcomes and Performance Measures

Core Business Area 1 *Waterfront Planning and Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Design property and develop plans that produce economic value and public benefit for Nova Scotia	Number of projects in planning phase	11	9
	Number of projects moved into development phase	2	6
Redevelop waterfront properties from unimproved land to new buildings and infrastructure	Total dollar value of projects in development phase	$75,060,000	To be determined by negotiated development agreements resulting from planning phase
	Total square footage residential + unit count in development phase	237,000 sq. ft. (343 units)	To be determined by negotiated development agreements resulting from planning phase
	Square footage commercial in development phase	42,485 sq. ft.	To be determined by negotiated development agreements resulting from planning phase

Core Business Area 2 *Infrastructure Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Build and maintain infrastructure that provides visitors and citizens with public gathering spaces and amenities	Number of public open space projects in planning phase	4	3
	Number of improved public open spaces	1	2
	Number of new public open spaces	0	1
	Total number of pedestrians annually on waterfront	Halifax – 2 million Bedford* – 0 Dartmouth* – 0 Lunenburg* – 0	2.1 million
	Total number of events and public programming initiatives	40	42

*A base measure to be established with the installation of pedestrian counters in 2015–16

Core Business Area 3 *Business Development*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Provide businesses with commercial opportunities on waterfront properties	Total revenue from business operating on waterfront property	$4.18 million	$4.462 million

Core Business Area 4 *Commercial Marine Real Estate*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Halifax and Lunenburg waterfront property operations are financially self-sufficient	Percentage of operating revenue generated from commercial activities	84%	74%

Core Business Area 5 *Economic Impact*

Outcome	Measure	Base Year 2014–15	Target 2015–16
Enhanced economic activity for Nova Scotia	Value of incremental economic activity	To be established working with Department of Finance	To be established working with Department of Finance